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27 June 1955

The Honorable Rowland R. Hughes
Director, Bureau of the Budget
Washington 25, D. C.

Dear Mr. Hughes:

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For some time I have been concerned about the fiscal arrangements for the support of the Operations Coordinating Board as I was about similar arrangements for the Psychological Strategy Board. My concern stems in part from questions relating to the legal propriety of these arrangements in view of Section 696 of Title 31, U. S. Code. As I understand this section, it is intended to provide that no appropriations or funds shall be allotted or made available to or used to pay the expenses of any agency or instrumentality, including those established by executive order, after such agency or instrumentality has been in existence for more than one year, if the Congress has not appropriated any money specifically for such agency or instrumentality or authorized the expenditure of funds by it. I am not sure that we are on sound ground in using our exemption from Section 202 of the Classification Act of 1949 to provide certain supergrades to the Operations Coordinating Board and, in general, the use of the special authorities granted under the CIA Act of 1949.

With the passage of time, and as the support requirements for the Operations Coordinating Board and the Planning Coordination Group increase, these matters become of increasing concern. I should, therefore, like to recommend that you consider these matters and that the OCB and PCG secure a direct appropriation in the same manner which the NSC has done in the past.

Sincerely,

Enclosure